

Exhibit E

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 10-Q

(MARK ONE)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2012

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number 001-31825

The First Marblehead Corporation

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

04-3295311
(I.R.S. Employer
Identification No.)

The Prudential Tower
800 Boylston Street, 34th Floor
Boston, Massachusetts
(Address of principal executive offices)

02199-8157
(Zip Code)

(800) 895-4283
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐

Accelerated filer ☒

Non-accelerated filer ☐ (Do not check if a smaller reporting company)

Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of May 7, 2012, the registrant had 101,920,601 shares of common stock, \$0.01 par value per share, outstanding.

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THE FIRST MARBLEHEAD CORPORATION AND SUBSIDIARIES

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You should read the following discussion and analysis of our financial condition and results of operations together with our unaudited consolidated financial statements and accompanying notes included in Part I of this quarterly report in conjunction with our audited financial statements included in our annual report on Form 10-K filed with the Securities and Exchange Commission, or SEC, on September 8, 2011.

Unless otherwise indicated, or unless the context of the discussion requires otherwise, we use the terms "we," "us," "our" and similar references to refer to The First Marblehead Corporation, its subsidiaries and consolidated variable interest entities, or VIEs, on a consolidated basis. We use the terms "First Marblehead" or "FMD" to refer to The First Marblehead Corporation on a stand-alone basis. We use the term "education loans" to refer to private education loans, which are not guaranteed by the federal government. Our fiscal year ends on June 30, and we identify our fiscal years by the calendar years in which they end. For example, we refer to the fiscal year ending June 30, 2012 as "fiscal 2012." References to our "Annual Report" mean our annual report on Form 10-K for fiscal 2011.

Factors That May Affect Future Results

In addition to historical information, this quarterly report includes forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act, and Section 27A of the Securities Act of 1933, as amended. For this purpose, any statements contained herein regarding our strategy, future operations and products, financial performance and liquidity, future funding transactions, projected costs, projected trust or loan portfolio performance, future market position, prospects, plans and outlook of management, other than statements of historical facts, are forward-looking statements. The words "anticipates," "believes," "estimates," "expects," "intends," "may," "observe," "plans," "projects," "will," "would," and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. We cannot guaranty that we actually will achieve the results, plans, intentions or expectations expressed or implied in our forward-looking statements, which involve risks, assumptions and uncertainties. There are a number of important factors that could cause actual results, timing of events, levels of activity or performance to differ materially from those expressed or implied in the forward-looking statements we make. These important factors include our "critical accounting estimates" set forth below under "— Application of Critical Accounting Policies and Estimates" and factors including, but not limited to, those set forth under the caption "Risk Factors" in Item 1A of Part II of this quarterly report. Although we may elect to update forward-looking statements in the future, we specifically disclaim any obligation to do so, even if our estimates change, and readers should not rely on those forward-looking statements as representing our views as of any date subsequent to May 10, 2012.

Executive Summary**Overview**

We are a specialty finance company focused on education loan programs for K-12, undergraduate and graduate students in the United States, as well as tuition planning, tuition billing and payment technology services. We partner with lenders to design and administer school-certified education loan programs to be marketed through educational institutions or to prospective student borrowers and their families directly and designed to generate portfolios intended to be held by the originating lender or financed in the capital markets. We also offer a number of ancillary services in support of our clients, including loan origination, retail banking, portfolio management and securitization services.

In fiscal 2011, we began offering a fully integrated suite of services through our Monogram[®] loan product service platform, which we refer to as the Monogram platform, as well as certain services on a stand-alone, fee-for-service basis. In fiscal 2011, we also began offering outsourced tuition planning, tuition billing and payment technology services for universities, colleges and secondary schools through our subsidiary Tuition Management Systems LLC, which we refer to as TMS. We acquired TMS from KeyBank National Association on December 31, 2010. Our subsidiary Union Federal Savings Bank, which we refer to as Union FederalSM, offers retail banking products, including education loans, residential and commercial mortgage loans, time and savings deposits and money market demand accounts.

These offerings are part of a change in our revenue model that we have been implementing since fiscal 2009 to focus on fee-based revenues. Our long term success depends on the continued development of four principal revenue lines:

- **Partnered lending**—We provide customized Monogram-based education loan programs for lenders who wish to hold originated portfolios to maturity. We are paid for our origination and marketing services at the time approved education

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loans are disbursed and receive monthly revenues for portfolio management services, credit enhancement and administrative services throughout the life of the loan. We provide credit enhancements by funding participation interest accounts, which we refer to as participation accounts, or, in the case of Union Federal, deposit accounts, to serve as a first loss reserve for defaulted program loans. As consideration for funding participation accounts, we are entitled to receive a share of the interest generated on the loans.

- **Banking services**—Union Federal generates revenues by originating Monogram-based education loan portfolios, subject to regulatory conditions, and holding them to maturity. In addition, Union Federal offers retail banking products on a stand-alone, fee-for-service basis.
- **Capital markets**—Our capital markets experience coupled with our loan performance database and risk analytics provide specialized insight into funding options available to our clients. We have a right of first refusal if one of our partner lenders wishes to sell some or all of its education loan portfolio prior to maturity. In addition to traditional asset-backed securitizations, funding options may also include warehouse conduits as well as whole loan sales. We can earn fees for analytical and structuring work, on-going fees for portfolio management services and net interest income by retaining a portion of the equity in any of these transactions.
- **Fee-for-service**—Loan origination, portfolio management, tuition billing and payment processing, refund management services and retail banking products are each available on a stand-alone, fee-for-service basis.

Deconsolidation Events

Upon our adoption of Accounting Standards Update, or ASU, 2009-16, *Transfers and Servicing (Topic 860)*—*Accounting for Transfers of Financial Assets*, or ASU 2009-16, and ASU 2009-17, *Consolidation (Topic 810)*—*Improvements to Financial Reporting by Enterprises Involved With Variable Interest Entities*, or ASU 2009-17, we consolidated 14 securitization trusts that we facilitated during fiscal 2004 through fiscal 2008. The education loans purchased by certain of the securitization trusts, which we refer to as the Trusts, were initially subject to a default repayment guaranty by The Education Resources Institute, Inc., or TERI, while the education loans purchased by other securitization trusts, which we refer to as the NCT Trusts, were, with limited exceptions, not TERI-guaranteed. Of the 14 securitization trusts consolidated on July 1, 2010, 11 were Trusts and 3 were NCT Trusts. We refer to the consolidated Trusts as the NCSLT Trusts and the consolidated NCT Trusts as the GATE Trusts.

On November 14, 2011, we sold to a third party all of our interests in the structuring advisory agreements relating to the Trusts and the asset services agreement for \$13.0 million in cash. Our variable interests in the Trusts included our right to receive the additional structural advisory fees and the asset servicing fees under those respective agreements. As a result of this sale, we no longer held a variable interest in the NCSLT Trusts and were, therefore, no longer the primary beneficiary of the NCSLT Trusts. We deconsolidated \$6.61 billion of total assets of the NCSLT Trusts, including \$6.39 billion of education loans, and \$7.85 billion of total liabilities of the NCSLT Trusts, including \$7.81 billion of long-term borrowings, as of November 14, 2011. We recognized a non-cash gain of \$1.24 billion in our statement of operations upon deconsolidation, representing the accumulated deficits in these trusts, net of any elimination entries. The impact of this deconsolidation was reported in our Securitization Trusts segment.

On March 2, 2012, FMD sold to a third party all of its outstanding capital stock in its subsidiary First Marblehead Data Services, Inc., which we refer to as FMDS, for \$13.7 million in cash. FMDS serves as the trust administrator of securitization trusts that we previously facilitated. On March 30, 2012, the new third party owner of FMDS terminated the agreement with our subsidiary First Marblehead Education Resources, Inc., which we refer to as FMER, for the special servicing of the NCT Trusts. With the termination of this agreement, we no longer had the power to direct the activities that most significantly impact the performance of the GATE Trusts and, therefore, we were no longer the primary beneficiary of these trusts. As such, we deconsolidated the GATE Trusts effective March 31, 2012. We deconsolidated \$258.4 million of assets and \$260.1 million of liabilities from our consolidated balance sheet and recognized a \$1.7 million non-cash gain in our statement of operations for our Securitization Trust segment, representing the accumulated deficit in these trusts. In addition to the non-cash gain of \$1.7 million, we also recorded an additional gain of \$9.2 million representing the fair value of the residual interests related to these trusts that were previously eliminated as part of our adoption of ASU 2009-17, resulting in a total non-cash gain of \$10.9 million for the deconsolidation event. Our consolidated income statement for the period ended March 31, 2012 included the results of the GATE Trusts for the entire quarter.

As a result of the events described above, we have deconsolidated all of the securitization trusts previously required to be consolidated under the accounting rules adopted on July 1, 2010, and we do not expect to maintain a Securitization Trusts segment in future periods.